

Message Text

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XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 FEAE-00 /086 W
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TO SECSTATE WASHDC PRIORITY 4688
INFO AMCONSUL MONTREAL
ALL OTHER CANADIAN POSTS POUCH

C O N F I D E N T I A L SECTION 01 OF 2 OTTAWA 08129

E.O. 11652: GDS
TAGS: PGOV, PINT, EFIN, CA
SUBJECT: POSSIBLE SUCCESSORS TO FINANCE MIN MACDONALD

REF: A) OTTAWA 8068; B) OTTAWA 5786

1. SUMMARY: RESIGNATION OF FINANCE MIN MACDONALD HAS SET OFF WIDESPREAD CONJECTURE RE HIS SUCCESSOR. LEADING CANDIDATE IS INDUSTRY, TRADE AND COMMERCE MIN JEAN CHRETIEN, WHO IS ACCEPTED BY NEARLY ALL OBSERVERS AS MOST QUALIFIED FOR THE JOB. PROBLEM IS CHRETIEN MAY CHOOSE TO .CONTEST QUEBEC LIBERAL PARTY LEADERSHIP. ANOTHER LEADING CANDIDATE IS PRIVY COUNCIL PRESIDENT ALLAN MACEACHEN, WHO HAS APPROPRIATE ECONOMIC BACKGROUND FOR THE POSITION AND POLITICAL AGILITY TO AVOID SERIOUS MISTAKES. WHETHER HE HAS IMAGINATION AND LEADERSHIP POTENTIAL FOR COMPLEX OF PROBLEMS CONFRONTING FINANCE MIN IS MORE DOUBTFUL. BEYOND CHRETIEN AND MACEACHEN, THERE IS LARGE DROP DOWN IN QUALIFICATIONS OF CANDIDATES. HEALTH MIN MARC LALONDE LACKS POLITICAL SENSITIVITY AND CAPACITY FOR COMPROMISE. TRANSPORT MIN OTTO LANG MAY BE BRIGHTEST CABINET MINISTER BUT HE HAS DEMONSTRATED CAPACITY FOR SERIOUS POLITICAL
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MISTAKES. PRESIDENT OF THE TREASURY BOARD ROBERT ANDRAS WANTS THE JOB BADLY BUT REPORTEDLY IS SIMPLY NOT UP TO ITS CHALLENGES. DEARTH OF TALENT BEYOND CHRETIEN PROMPTED TORONTO GLOBE AND MAIL TO SUGGEST THAT TRUDEAU HIMSELF TAKE ON PORTFOLIO. IF NOTHING ELSE, TRUDEAU'S DIFFICULT TASK IN FINDING SUCCESSOR TO MACDONALD DEMONSTRATES GENERAL LACK OF FIRST-CLASS TALENT IN CABINET. END

SUMMARY.

2. RESIGNATION OF FINANCE MINISTER MACDONALD (REFTEL A) HAS OTTAWA POLITICAL OBSERVERS BUZZING AT UNUSUALLY HIGH PITCH RE A SUCCESSOR IN VIEW OF ENORMOUS IMPORTANCE OF FINANCE PORTFOLIO AT TIME OF PRECARIOUS CANADIAN ECONOMIC SITUATION.

3. NAME MOST FREQUENTLY MENTIONED AND WITH GENERAL PRAISE IS JEAN CHRETIEN, PRESENTLY MIN OF INDUSTRY, TRADE AND COMMERCE (ITC). CHRETIEN'S PERFORMANCE IN EARLIER POSITIONS AS MIN OF NATIONAL REVENUE AND PRESIDENT OF TREASURY BOARD AND HIS EXPERIENCE IN PRESENT JOB HAS ATTRACTED WIDESPREAD RESPECT AND, NOT UNIMPORTANTLY, CONFIDENCE OF BUSINESS COMMUNITY. HIS INTELLIGENCE, ADMINISTRATIVE ABILITY AND TOUGH-MINDEDNESS BUT WITH POLITICAL SENSITIVITY HAVE MARKED HIM AS AMONG TWO OR THREE MOST ABLE MINISTERS IN TRUDEAU GOVERNMENT CABINET. IF CHOSEN, CHRETIEN WOULD BE FIRST EVER FRENCH CANADIAN MIN OF FINANCE, AN IMPORTANT POLITICAL CONSIDERATION IN NATIONAL UNITY STRUGGLE. HIS MOVE TO FINANCE WOULD, MOREOVER, OPEN UP SENIOR ITC CABINET POSITION, ALLOWING FOR LATER SHUFFLE BRINGING JACK HORNER INTO THE MAJOR CABINET POSITION (PROBABLY NOT ITC) WHICH HE CLAIMS HE WAS PROMISED BY PM TRUDEAU WHEN HE SWITCHED FROM CONSERVATIVE TO LIBERAL PARTY.

4. PROBLEM WITH CHRETIEN CANDIDACY IS COMPETING POSSIBILITY OF
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ITY THAT HE WILL ATTEMPT RETURN TO QUEBEC TO RUN FOR LEADERSHIP OF PROVINCIAL LIBERALS (REF B). WE UNDERSTAND FROM SOURCE IN PRIME MINISTER'S OFFICE THAT CHRETIEN ALREADY HAS ADMINISTRATIVE MACHINERY (ORGANIZATIONAL AND FINANCIAL) IN PLACE FOR SUCH A BID. TRUDEAU AND/OR CHRETIEN DILEMMA, IN SHORT, IS WHETHER TO FORTIFY FINANCE PORTFOLIO WITH APPARENTLY BEST QUALIFIED CANDIDATE OR TO SEEK TO BOLSTER UP PROVINCIAL LIBERAL OPPOSITION TO PARTI QUEBECOIS. SINCE THERE ARE SIGNS OF SOME QUEBEC LIBERAL OPPOSITION TO "PARACHUTING" CHRETIEN INTO PROVINCE AS LEADER, FINANCE MINISTRY COULD PROVE TO BE MORE ATTRACTIVE ALTERNATIVE TO BOTH TRUDEAU AND CHRETIEN.

5. SECOND MOST BRUIED ABOUT NAME IS ALLAN MACEACHEN, PRESENTLY PRESIDENT OF PRIVY COUNCIL AND GOVERNMENT HOUSE LEADER. IT WAS COMMON KNOWLEDGE HERE THAT MACEACHEN WAS VERY UNHAPPY WITH SWITCH, DURING LAST CABINET SHUFFLE, FROM EXTERNAL AFFAIRS MINISTRY TO DEMANDING BUT THANKLESS HOUSE LEADER POSITION IN WHICH HE PERFORMS SO EFFECTIVELY. MACEACHEN'S INTEREST IN FINANCE JOB CAN, THEREFORE, BE ASSUMED. A FORMER PROFESSOR OF ECONOMICS AND PREVIOUSLY MIN OF LABOR AND MIN OF HEALTH AND WELFARE, MACEACHEN WOULD APPEAR TO HAVE APPROPRIATE BACKGROUND FOR FINANCE.

PERHAPS MOST IMPORTANT, IN WORDS OF TORONTO GLOBE AND MAIL COLUMNIST GEOFFREY STEVENS, "HE'S A MAN WHO KNOWS HOW TO KEEP OUT OF TROUBLE (A HANDY ATTRIBUTE FOR A FINANCE MINISTER)." AT SAME TIME, THERE IS SOME QUESTION WHETHER MACEACHEN HAS IMAGINATION AND LEADERSHIP POTENTIAL WITH WHICH TO CONFRONT COMPLEX OF DIFFICULT PROBLEMS IN FINANCE MINISTRY.

6. BEYOND CHRETIEN AND MACEACHEN, TRUDEAU'S OPTIONS APPEAR TO GET THINNER AND THINNER. MARC LALONDE, PRESENT HEALTH AND WELFARE MIN, IS MENTIONED AND, LIKE CHRETIEN, WOULD BE FIRST FRENCH CANADIAN FINANCE MIN. DESPITE HIS ADMINISTRA-

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TIVE ABILITIES, HOWEVER, LALONDE LACKS THE POLITICAL FEEL AND CONCILIATORY NATURE WHICH SHOULD BE CRUCIAL ATTRIBUTES AS THE GOVERNMENT PREPARES FOR THE POST-CONTROL PERIOD. FURTHER, HE REPORTEDLY DOES NOT HAVE THE SUPPORT OR CONFIDENCE OF THE BUSINESS COMMUNITY, IN PART BECAUSE OF HIS STRONG ADVOCACY OF A GUARANTEED ANNUAL WAGE.

7. OTTO LANG'S IS ANOTHER NAME WHICH IS MENTIONED. LIKELY THE BRIGHTEST MEMBER OF THE TRUDEAU CABINET, HE HAS BEEN A TOUGH AND ABLE ADMINISTRATOR AS MINISTER OF TRANSPORT. AT THE SAME TIME, HE HAS COMMITTED A SERIES OF WELL-PUBLICIZED POLITICAL MISTAKES, DEMONSTRATING BOTH STUBBORNNESS AND REMARKABLE LACK OF POLITICAL ADROITNESS. ALTHOUGH HIS LEAVING THE TRANSPORT POSITION WOULD CREATE A LOGICAL VACANCY FOR JACK HORNER, HIS CAPACITY FOR POLITICAL GAFFES WOULD BE A CONSIDERABLE HINDRANCE IN THE SENSITIVE FINANCE

POSITION.

8. ROBERT ANDRAS, PRESIDENT OF THE TREASURY BOARD, IS KNOWN TO WANT THE JOB, AND HIS PRESENT POSITION, IN WHICH HE HAS PERFORMED IN A STEADY IF NOT NOTEWORTHY MANNER, CONFIDENTIAL

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WOULD APPEAR TO GIVE HIM BACKGROUND FOR THE MORE IMPORTANT FINANCE POSITION. ANDRAS DOES NOT, HOWEVER, REPORTEDLY HAVE THE INTELLECTUAL WHEREWITHAL FOR THE CHALLENGES OF FINANCE.

9. MOST INTRIGUING SUGGESTION APPEARED IN SEPT 7 EDITORIAL OF TORONTO GLOBE AND MAIL. NOTING DEARTH OF MATERIAL BEYOND CHRETIEN TO TACKLE THE FINANCE PORTFOLIO IN PERILOUS ECONOMIC TIMES, IT ENDORSED SUGGESTION OF NEW DEMOCRATIC PARTY (NDP) LEADER BROADBENT THAT TRUDEAU HIMSELF TAKE OVER FINANCE. SUCH ACTION WOULD NOT BE WITHOUT PRECEDENT, AS EDITORIAL POINTS OUT (R.B. BENNETT, PM AND FINANCE MINISTER IN 1930'S) AND WOULD BE AN UNUSUAL MOVE IN UNUSUAL TIMES. AS THE EDITORIAL PUTS IT, "BUT THESE ARE NOT ORDINARY TIMES. IT IS AN INDICATION BOTH OF THE SEVERITY OF CANADA'S ECONOMIC ILLS AND OF THE POVERTY OF TALENT IN THE FEDERAL GOVERNMENT THAT THERE IS SIMPLY NO OTHER CHOICE -- SHOULD MR. CHRETIEN BE UNAVAILABLE FOR THE JOB."

10. COMMENT: TRUDEAU'S DECISION, WHICH WILL PROBABLY BE ANNOUNCED WITHIN NEXT 10 DAYS, WILL BE DIFFICULT. THE LIBERAL CABINET IS WOEFULLY LACKING IN PROVEN FIRST-CLASS LEADERSHIP TALENT AND THE BACKBENCHES OF THE LIBERAL CAUCUS HAVE ALREADY BEEN PICKED RATHER CLEAN. IF CHRETIEN OR POSSIBLY MACEACHEN DO NOT TAKE THE JOB, WHO INDEED WILL BE UP TO ITS CHALLENGES? DUEMLING

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